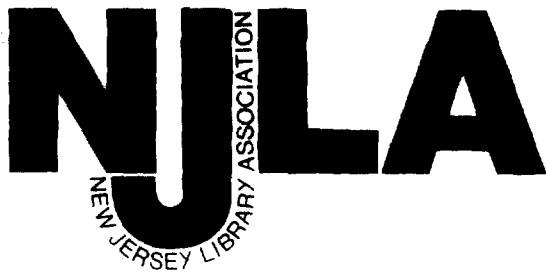


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JUN 20 1998
FEDERAL COMMUNICATIONS COMMISSION

The Office of the Secretary
Federal Communications Commission, Room 222
1919 M Street, N.W.
Washington, D.C. 20554

Comments on: the New Jersey Division of Ratepayer Advocate Petition for Expedited
Declaratory Ruling in CC Docket No. 96-45

DA 98-608

TO THE HONORABLE COMMISSION:

Enclosed please find an original and five copies of the comments of Patricia A. Tumulty, Executive Director of the New Jersey Library Association on the above referenced matter.

Respectfully submitted,

Patricia A. Tumulty
Patricia A. Tumulty.

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EXECUTIVE STATEMENT

The New Jersey Library Association supports the positions of the New Jersey Division of the Ratepayer Advocate regarding FCC Docket No. CC96-45. We strongly believe that the discounted rates offered by BA-NJ to school and libraries under its Access New Jersey program should not preclude schools and libraries of this State from also obtaining specified benefits from the Federal Universal Service fund. Our libraries must be able to take advantage of every possible discount to bring to promise of the telecommunications revolution to the residents of New Jersey. Since the matter has been under consideration for many months by the state Board of Public Utilities, it has caused great confusion among the library community as they tried to apply for the Federal Universal Service discounts. The Bell Atlantic website specifically indicated that libraries could obtain either the Access New Jersey discount or the Federal Universal Service discount. Many feared that they would not receive the FCC discounts if they applied improperly or if the fund did not have enough money. It seemed simpler to choose the Access New Jersey program. Although the Access New Jersey discounts only apply to four specific services (ISDN, Frame Relay, SMDS and ATM) these services are the backbone of any telecommunications services in a library. They represent the continual cost which a library must incur each month in order to connect to advanced telecommunications services. If a library's budget is cut, the library often must defer the purchase of new books and equipment. But a library would have to continually pay the telecommunications charges. They have become the fundamental cost of doing business and this cost impacts poorer libraries more than wealthier ones. The FCC discounts are designed to help level the

playing field for poorer libraries. The libraries of New Jersey deserve these discounts in addition to the Access New Jersey rates.

BACKGROUND

The New Jersey Library Association is the oldest and largest library organization in New Jersey and has approximately 1600 members. Our members work primarily in public and academic libraries. We represent the interests of the 252 municipal and county libraries in New Jersey that receive dedicated library funding, as well as an additional 60 public libraries that are voluntarily supported by their communities. Approximately 30 libraries have branch facilities, making the total number of public library outlets in New Jersey 450. NJLA also works closely with the New Jersey Library Trustee Association, an organization that includes more than 1300 public library trustees. The boards of trustees are the legal entities responsible for the administration of a public library in a community.

NJLA was founded in 1890 and one of its purposes, as states in the Association's bylaws, is to "promote the progress and welfare of all types of libraries in this state." The Mission statement of NJLA states that "NJLA provides vision and leadership for the library community and serves as the voice of New Jersey libraries and librarians.

The New Jersey Library Association has spoken before state legislative hearings and before the New Jersey Board of Public Utilities regarding telecommunications issues. In 1997, the Association was actively involved in advocating for the addition of five million dollars of funding for public library technology in the Higher Education Infrastructure Bond Act which was signed into law in September. This was the first state appropriation

for technology for libraries and the first increase in state funding for libraries in almost a decade.

FEDERAL UNIVERSAL SERVICE FUND AND ACCESS NEW JERSEY

The Federal Universal Service Fund is to insure that all residents have access to the benefits of the information revolution. The law combined the ambitions of commercial telecommunication companies to compete for business among all consumers and the needs of all residents to have access to the marvelous resources and benefits of advanced telecommunications services particularly the Internet. Congress believed the advantages of competition had to be balanced with access and expanded the benefits of universal service to include schools, libraries and rural health facilities. These would be points of access for residents who did not have computers at home or at work. We believe that the spirit of access requires that our libraries be able to take advantage of every rate reduction possible. The New Jersey Library Association followed with great interest the development and implementation of the regulations regarding the Universal Service Fund through its membership in the American Library Association, which took an active role in the rule-making process.

The specific rules, and more importantly, the necessary applications to apply for the Universal Service Fund did not become available until January 1998. This was well after Access New Jersey had been announced. This is one of the reasons why the New Jersey Library Association strongly believed that our libraries would be given discounts on top of the existing Bell Atlantic Access rates. The FCC discounts are based on the presumption that poorer schools and libraries need larger discounts in order to provide these services.

Certainly there is a sense of equity and fairness inherent in the concept. Those entities with the least capital resources would find offering these new services more difficult than those with larger budgets.

The Board of Public Utilities reached the Access New Jersey settlement with Bell Atlantic and the Ratepayer Advocate in April 1997. The settlement promised reduced telecommunications rates for certain services; an equipment fund for schools and libraries and additional benefits for certain urban school districts. The announcement never indicated that this settlement would be in conflict with or would supersede the planned Federal Universal Service discounts which were being developed at the time. The New Jersey Library Association hailed the agreement. Other state boards of public utilities had previously given educational discounts to schools and libraries for traditional services such as POTS (Plain Old Telephone Service). We never questioned whether or not our libraries could be beneficiaries of both programs. We always assumed they would. The addition of the Federal Universal Service discounts could only help our poorest libraries.

THE NEED FOR THE LOWEST POSSIBLE TELECOMMUNICATIONS COST-CRITICAL FOR LIBRARIES.

It may seem simplistic but libraries are not commercial enterprises. Every dollar of a library budget is obtained either through tax support or through donations. Library budgets in New Jersey are extremely tight and have received few increases in the past several years. Almost ninety percent of a public library's budget comes from local resources which are dependent upon local property taxes. State funding for libraries represents less than 4% of an average library's budget. Funding from the state for library services was higher in FY 89 than in FY91. It has remained at the reduced FY91 rate for

nine straight state budgets. Local budgets are straining to deliver new services. Every dollar spent on telecommunications costs means a dollar less for library materials or hours. It is just that simple. Let me provide some examples:

THE SMALL PUBLIC LIBRARY

The Dunellen Public Library serves a population of 6,828. It's operating budget is \$159,000. The need for advances in telecommunications have had a great impact on this library. Since there is no additional funding source for computers and telecommunications, any money for new technology has come from the existing library budget. In 1990, the library spent \$20,000 per year for books. That amount was reduced to \$12,000 in 1996. Eight thousand dollars have been allocated to pay for new computers, database purchases, Internet costs and telecommunications costs. If Dunellen were to obtain a 56kline under Access New Jersey, it would cost the library approximately \$1200 a year or 10% of its book budget. Dunellen is a community which could receive a 50% FCC reduction. This would automatically drop the cost of the line to \$600 a year and instantly increase the library's book budget by 5%. This is a significant amount of money for a small library. Dunellen is not a unique situation. According to statistics provided by the New Jersey State Library, 129 municipal libraries serve populations under 10,000. In addition, many branches of county and municipal libraries serve this population range. A dedicated line is still very expensive for them.

More importantly, of the 312 public libraries in New Jersey, many have very small budgets:

- 17 libraries with total budgets under \$49,000 a year
- 22 libraries with total budgets from \$50,000 to \$99,999 a year
- 22 libraries with total budgets from \$100,000 to \$149,000
- 21 libraries with total budgets from \$150,000 to \$199,999

27% of all libraries in New Jersey have yearly budgets under \$200,000. Even an additional discount of 20% or 40% on these services is extremely significant when budgets are so limited.

OUR POOREST LIBRARY COUNTY

By far, the poorest county for library service in New Jersey is Salem County located in the southwestern part of the State. The county is extremely rural and has very little industry to generate property tax support for library services. There are 5 libraries in Salem County. The average expenditure per capita for library service is \$6.78 compared with the statewide average of \$31.89. Only one library has dedicated municipal support (the Salem City Library) and the four other libraries are called association libraries which are supported through voluntary contributions from the municipalities and from donations by residents. These voluntary contributions could be reduced to nothing in any given year. The FCC discounts for towns in this county range from 40-87%. The largest discount is for Salem City. With funding so limited, additional discounts from the Universal Service fund could play an important role in providing access for these libraries.

URBAN LIBRARY SERVICE

The fundamental reason for universal service is most apparent in our urban areas. Although New Jersey is considered an extremely affluent state, there are large areas of poverty. New Jersey has approximately 26 designated urban school districts. These districts receive additional funding from the state aid to compensate for a poor local property tax base on which to generate funding for local services. Unfortunately there is no comparable funding for urban libraries. These libraries face the same dismal property

tax situation as urban schools. Virtually all of these libraries would receive between 80-90% discounts under the Federal Universal Service Fund. The addition of the Federal Universal Service discounts to the Access New Jersey rates would have a dramatic impact on these libraries. Let me provide you with a few examples: Camden City is one of the poorest cities in the country. The library serves a population of 82,866 with per capita library support of \$12.11. Currently, the library spends about \$200 a month on books. If the library were to install a T-1 line under the Access New Jersey rates, it would cost them \$3,600 a year. That is 50% more than they spend for library materials. The library will simply not be able to support telecommunications services. But if the library receives its 90% FCC discount above the Access New Jersey Rate, the service would cost them \$360 a year. Certainly, many would consider this a bargain for the library but the reality is that the library would not be able to supply the service at the Access New Jersey rate. There simply is no additional revenue in this library. Other urban libraries face similar drastic situations.

A recent study in Science Magazine indicated that 44% of whites owned a home computer compared with 29 % of blacks. The study went on to point out that white students who did not have a home computer found access to the Internet through other sources such as libraries, or cybercafes etc. but only 31% of black students did. The researchers indicated that more in depth studies were needed to determine why. But I would like to speculate that it could be related to the fact the many poor urban libraries have been unable to connect to the Internet because of poor funding. Libraries such as Irvington, Asbury Park and Orange are now only beginning to offer this service to the public. It has been the lack of funding, not desire, which has hampered them.

CONCLUSION

The New Jersey Library Association believes that the promise universal service can only be realized when every library can offer Internet access to the public. But the reality is that offering this new service is more difficult for small and urban libraries with limited budgets. We believe the Universal Service Act requires that our libraries receive the lowest possible rate on all services. When Access New Jersey was announced last year, there was no indication that these discounts would supersede the final FCC rules. We believe our libraries should be able to receive both discounts. The addition of the Federal Universal Service discount will be particularly helpful to our small and urban libraries.

Many of our libraries were very confused about the ability to apply for federal discounts on the services offered by Bell Atlantic under Access New Jersey. The Bell Atlantic website specifically said it was an either or situation. Many simply chose the Access New Jersey program because it was easier

It is imperative that this issue be resolved quickly. A new round of funding under the Federal Universal Service program begins on July 1st. As our libraries begin to prepare their applications, we urge you to respond quickly so they can know with certainty which discounts they can receive.